



To: Senate Budget & Tax Committee

Re: HB 940 Gaming – Regulation of Fantasy Gaming Competitions and Implementation of Sports Wagering

March 25, 2021

Maryland’s six Video Lottery Terminal (VLT) licensees support HB 940 with amendments. The VLT licensees support the regulation of sports betting and the goal of the State to continue to provide minority business enterprises (MBEs) the opportunity to benefit from casino gaming in Maryland.

Facts About Maryland Gaming

- Maryland, with the 19th largest population in the country, generates the 4th highest gaming tax revenues in the nation.
- 15,000+ direct jobs, \$3.0 billion economic impact, and \$962.2 million tax impact (AGA)
- Second highest gaming tax rate in the country (41% Blended Tax Rate)
- The six casinos in Maryland pay nearly as much tax annually as **ALL OTHER BUSINESSES IN THE STATE COMBINED.**
- Maryland casinos spent over \$3 billion in initial construction costs
- **Maryland casinos have provided \$3.3 billion to the Maryland Education Trust Fund and \$5.94 billion in overall taxes since the program’s inception**

Sports betting has become a vital revenue generator in every jurisdiction surrounding Maryland. 67% of voters in Maryland overwhelmingly approved sports wagering in Maryland, in the November 2020 referendum. We appreciate the Speaker’s vision in continuing this effort and look forward to operating this amenity for our casinos and patrons in Maryland. It is critical that the tax rate and licensing fees support sports gaming operator’s ability to provide a competitive marketplace, not only against surrounding states, but to motivate active bettors to leave the illegal market.

We SUPPORT:

- The authority of the Commission to regulate sports wagering.
- The Commission’s use of the recently completed October 22, 2020 Disparity Study to “consider, develop, or implement any remedial measures” to address the needs of MBEs.
- The Commission’s authority to conduct thorough background checks and provide licenses to individuals engaged in sports wagering who are not already licensed for gaming in Maryland.
- The Commission requiring an MBE participation goal for construction and procurement.
- The authority of the Commission to determine stringent suitability standards, including financial stability, integrity, and sufficient business ability and experience in sports betting and grant licenses to operators and individuals “to protect the public interest and accomplish the policies established...”
- Retail (brick & mortar) sports betting at licensed casinos in Maryland.
- The requirement for operators to have in place technical and operational procedures to ensure the integrity of wagering on sporting events and the sports betting industry, and responsible gaming measures such as age verification and reporting questionable activities.



We SUPPORT WITH AMENDMENT:

- **Class A licenses for current casino operators should include mobile licenses.**
 - Current Casino operators have endured an exhaustive procurement, been vetted thoroughly and are existing gaming partners with the State. Requiring Maryland’s Casino operators to compete in an additional vetting process creates undue expense for the State and our businesses.
 - Maryland’s casino operators are ready to maximize the State’s investment in casino gaming by immediately providing revenue to The Blueprint for Maryland’s Future Fund not only through direct revenues from sports betting, but also through incremental gaming revenue (revenue generated from VLTs, table games) totaling an additional tens of millions of dollars (Oxford Economics, January 2021).
 - We have experienced this first-hand across the country, as retail and mobile sports wagering have provided us with access to a new customer demographic and the ability to reengage dormant customers in our database. This has resulted in an incremental boost in visitation and play at the brick-and-mortar casinos and increased overall gaming tax revenue in legal sports betting jurisdictions.
 - Maryland’s Casinos have invested billions of dollars in capital investments, hired thousands of Marylanders, paid billions of dollars in taxes, paid hundreds of millions of dollars to hundreds of MBE companies throughout the ten years of casino gaming in the state.
 - Maryland’s casinos have also proven to be strong corporate citizens by contributing millions of dollars to Maryland non-profits and tens of thousands of hours in volunteerism.
 - Maryland’s casino operators have met Maryland’s high standards for suitability and have continued to uphold the highest levels of integrity in the State’s most regulated industry.
 - In fact, every state that has casinos that has added sports betting has tethered mobile licenses to the casinos.
- **Maryland has had a thoughtful regional approach in its placement of casinos throughout the state. This practice should continue with retail sports betting operations.**
 - The Commission should not issue any sports wagering Class B license to any applicant within a 25-mile radius to any Class A licensee.
 - The Commission could, however, allow an applicant to partner with a Class A licensee within the same county or municipality similar to a sports stadium in 9-1E-09 (A)(1)(IV), or in a county without a current Class A licensee.
- **Maryland’s sports betting operators should not be disincentivized to maximize revenue to the State.**
 - Any additional bifurcated renewal fee of 1% of average annual gross should be removed from the bill.
- **Maryland’s sports betting operators should not be disincentivized to maximize revenue to the State.**
 - Any additional bifurcated taxing scheme that places a higher tax rate for revenues of \$5m should be removed from the bill.
- **Maryland’s sports betting tax rate should be more in line with key neighboring jurisdictions to encourage cross border play.**
 - DC and West Virginia’s tax rate of 10% will incentivized players to leave Maryland for better payouts in key areas of the state.